



**DEPARTMENT OF THE TREASURY**  
**INTERNAL REVENUE SERVICE**  
**WASHINGTON, DC 20224**

**TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION**

**Control S:T:GE:FSL-41**

November 2, 2009

**MEMORANDUM FOR: ALL TAX EXEMPT AND GOVERNMENT ENTITIES EMPLOYEES**

**FROM:** Manager, EO EPR; Manager, EP EPR;  
Manager FSLG CPM; Manager; ITG CPM;  
/ / Jackie Grissom  
/ / Betty McCleran  
/ / Jayne Maxwell  
/ / Steve Bowers

**SUBJECT:** Approved procedures for RCCMS Process Procedural Gaps –  
Memorandum # 7 - Statute Control Procedures Utilizing  
Reporting Compliance Case Management System (RCCMS)

This memorandum provides guidance on group statute control procedures utilizing RCCMS (TREES). In the past, most groups utilized EPIC or EOIC and its reports in their statute control procedures. However, these systems were discontinued on October 1, 2009 establishing the requirement to implement new procedures.

IRM section 25.6 provides the overall Service-wide requirements for statute controls. There are also TE/GE functional IRM sections that supplement this information. The TE/GE functional IRM sections include, but are not limited to, EP IRM 4.71.9, EO IRM 4.75.16.3, FSLG IRM 4.90.10, and ITG IRM 4.87.1.5.

Statute controls are required for all tax returns &/or Information returns under examination. To maintain proper statute controls, at least monthly, the manager or person designated by the manager will review and reconcile AIMS Table 4.0, Returns with Statute Date Pending, and RCCMS. As a result of the review, you must take action to:

- Ensure the statute of expiration information is accurate, including proper determination of Assessment Statute Expiration Date (ASED) or any Alpha codes used or to be used;
- Close the case promptly unless there is a compelling reason to keep it open;
- Secure a consent to extend the statutory period for assessment if needed; and
- Take other appropriate actions to protect the government's interest.

If the examiner cannot expeditiously conclude the examination within 270 days of the statute expiring, they and their manager may decide to execute a statute extension, subject to the consent of the taxpayer. **Every attempt should be made to complete the case before a statute extension becomes necessary.**

The Group Manager will ensure agreed cases have at least 180 days remaining on the statute of limitations and unagreed cases have 270 days (365 days for EP) remaining, when they are closed from the group.

Short statute cases will be returned to the group, with a copy concurrently forwarded to the Area &/or CPM Manager if appropriate action is not taken. The appropriate action is outlined below:

- prior notification to the receiving parties (as explained below),
- indication of timely solicitation of a statute extension, and/or
- explanation of unexplained delays in processing

Mandatory Review, Compliance and Program Management (CPM), and the Closing Units, continue to receive a number of short statute cases lacking the **required prior notification**. This improper submission of short statute cases creates an undue hardship on the receiving units and severely limits proper consideration of issues and procedures, thus jeopardizing the Government's interests.

To facilitate compliance with the IRM and alleviate the concerns indicated above, new and/or revised statute and procedural requirements will become effective for the transmission and receipt of all cases in Mandatory Review, or Closing Units upon issuance of this memo. All cases received in Mandatory Review, CPM, or Closing Units must include:

- Current (no more than 30 days old) AMDISA, BRTVU, and INOLES prints;
- Proper updates to AIMS through RCCMS for statuses 20 (Review), 56 (EO Only), or 51 (Closing Units);
- Proper statute documentation, including completed and signed Form 895 and red folders, as applicable; and
- Form 3198-A, TEGE Special Handling Notice, should be completed and placed on the outside of the case folder indicating the nature of the Mandatory Review, when applicable.

We recognize there will be instances when it will be necessary to close cases with less than the required timeframes for processing; however, these instances should be kept to a minimum.

Closure of any case, including a deletion request (Form 10904) to CPM and to any EPR function with less than 180 days remaining on the statute will require advance managerial notification ranging from first-line recipient up to and including the applicable Director of EO Examinations, EP Examinations, FSLG, and ITG, as shown below:

- 120 – 179 days – a phone call and follow-up e-mail notification to the receiving Manager or actor prior to transferring the case on RCCMS, or AIMS. Cases must be sent via overnight mail (UPS) for tracking purposes.
- 61 – 119 days – a phone call and follow-up e-mail notification to the receiving manager or actor with a copy to the Area Manager, Manager, EPR, and Manager CPM. The Group Manager must indicate whether or not an assessment is to be made. Cases must be sent via overnight mail (UPS) for tracking purposes.
- 60 days or less – a phone call and follow-up e-mail to the receiving manager or actor, with copies to the Area Manager and Manager, EPR. In addition, the e-mail will also be sent to the applicable Director of EO Examinations, EP Examinations, FLSG, or ITG. The Manager must indicate whether or not an assessment is to be made. Area and/or CPM Managers and Group Managers will be responsible for monitoring the case to AIMS closure to ensure assessments are timely made. Cases must be sent via overnight mail (UPS) for tracking purposes.

**Unagreed & Appeals Cases sent to Mandatory Review &/or CPM**

Unagreed cases (including modifications, revocations, and reclassifications) must have at least 270 days (365 days for EP) remaining on the statute of limitations. Although Appeals requires a minimum of six months remaining on the statute, Mandatory Review and CPM need time for processing.

**Assessment Cases**

Cases received in the Closing Units for assessment of tax, require at least 180 days left on the statute to ensure timely receipt and processing of the case file. Assessment cases with insufficient time remaining on the statute require manual quick assessments, causing additional paperwork and time to process the case file properly. Based on the number of assessments, the processing of cases with short statutes causes an undue burden on closing unit personnel.

Effective statute control procedures are a result of a collaborative effort. Each Manager, administrative support personnel, and Revenue Agent/Specialist play an important role in monitoring the group's statute control process. **It is imperative that the Revenue Agent and Manager exercise due diligence in ensuring that valid statute extensions are secured and executed.**

#### Manager Role -

Managers have primary responsibility for initiating and maintaining statute controls. Managers are responsible for ensuring that all employees within their jurisdiction:

- understand the law pertaining to statutes commensurate with the employees assigned responsibilities.
- maintain required statute controls.
- make timely assessments of tax and penalties.

In addition to utilizing the AIMS Table 4.0, Returns with Statute Dates Pending, the Manager (or their designee) should ensure that the RCCMS short statute listings are being generated and provided to the Revenue Agents/Specialists for response. The manager (or their designee) should also ensure that Revenue Agents/Specialists respond appropriately to the request for information. The Manager (or their designee) is also responsible for reviewing the comments made by the Revenue Agents/Specialists for accuracy. This may require reviewing the response provided in the prior month to determine that the case is progressing according to plan.

#### Revenue Agent/Specialist Role -

Revenue Agents/Specialists are responsible for controlling statutes on their assigned cases. Revenue Agents/Specialists are responsible for verifying the correctness of the statute of limitations date shown on AIMS/RCCMS for each return in their inventory. When the Revenue Agent/Specialist receives a short statute listing, they are required to provide information for the returns on their list. The type of closure expected (i.e. agreed, disagreed, or no change) should be provided for all returns shown on the listing. Additionally, each return must contain the following annotations as applicable:

1. Updated/corrected statute date;
2. Date consent was solicited;
3. Date submitted to the manager for closure;
4. Estimated completion date (if agreed or no change closure expected); or
5. Estimated date 30 day letter will be submitted to manager for review (if disagreed closure expected).

Revenue Agents/Specialists must send responses to administrative support personnel and group manager by due date. Form 895 is required to be completed for any return when the normal statute of limitation date is expiring within 270 days. Any updates or changes to the SOL must be annotated on the Form 895. The Manager is required to

sign off on all Forms 895 and the Manager's approval is required for all SOL updates. Prior to closing the case as a paper file, the Revenue Agent/Specialist will print out the Form 895.

If it is determined that the statute should be updated from a live statute to an alpha code statute, a memo for the file must be prepared, with a detailed explanation of the reason for not extending the statute. The Group Manager will sign off and forward to the Area Manager (EO/EP) or Director (FSLG or ITG) for approval. This should take place with no less than 210 days remaining on the statute. After the applicable level of management approval for your BOD has been obtained not to extend the statute, the RCCMS activity should be updated with the applicable alpha code. All actions should be notated in the Case Chronology Record.

Administrative Support Personnel Role (Group secretary, Management assistant, etc) –

The administrative support personnel will pull a statute listing from RCCMS, by employee, of all returns with SOL's expiring in 365 days or less. The statute listing will be pulled every month on or before the WebETS cycle ending date. The administrative support personnel will distribute the listing via secured e-mail to each employee by the end of the WebETS cycle ending date. The Manager should be copied on this e-mail. The email will have a response date of two weeks or less. The Revenue Agent's/ Specialist's annotated statute listing should be returned to both the Manager and the administrative support personnel via secured e-mail.

Each month, on the response due date, the Manager (or their designee) should verify that all applicable employees have responded timely and accurately.

Please see the attached exhibit for procedures to generate and process electronic Forms 895.

Questions concerning statute control procedures should be referred to your immediate manager. Managers should contact the Manager of Mandatory Review and/or CPM, respectively for memo clarification.

Exhibit

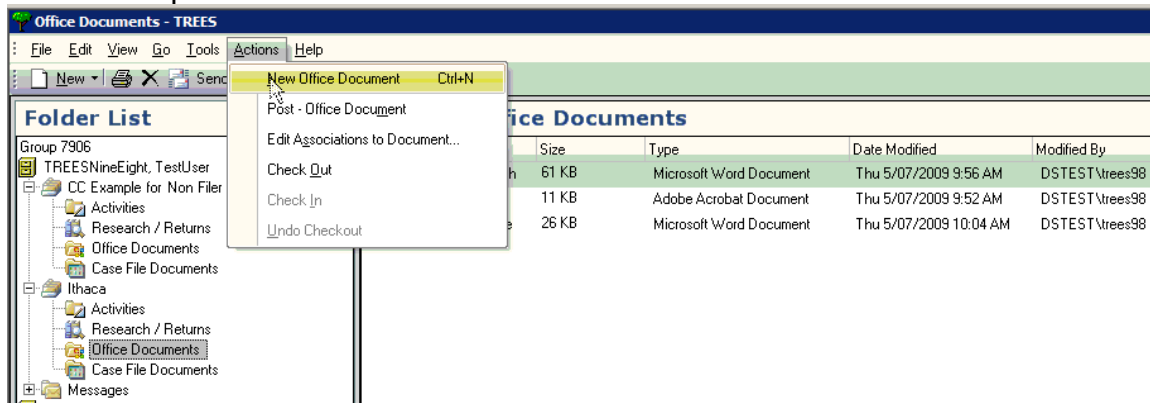
## Exhibit 1 – How-To Steps for Form 895

Form 895 should be accessed through the RCCMS program. There is a Word version and also an Adobe version. The Word version will automatically fill with some of the case data. The Adobe version must be fully completed. Either one is acceptable.

(NOTE: These screen shots were taken from the TREES system but the process is the same, and the Tabs displayed may look slightly different from those applicable to your BOD.)

Click on the Office Document folder in the case.

From the top line menu select Actions -> New Office Document



Select TAB that has the type of document needed.

**New Office Document** [?] [X]

Documents

Discrepancy Adjustments | Employment Tax | **Forms** | Letters | Penalties | Support Qualification | Unrelated Business Income

Template	Size	Date Modified	PBC	SBC	EGC
4571 Explanation for Filing Late.pdf	12,956	1/26/2005	400	11100	7900
2363-A Request for IDRS Input.pdf	71,379	10/31/2005	400	11100	7900
2504-WC Agreement to Assessment Worker Classification.pdf	25,196	10/31/2005	400	11100	7900
3210 Document Transmittal.pdf	363,531	10/31/2005	400	11100	7900
3363 Acceptance of Proposed Disallowance.pdf	17,164	10/31/2005	400	11100	7900
4549-B Continuation Income Tax Examination Changes.pdf	31,383	10/31/2005	400	11100	7900
4620 Report Transmittal - EO.pdf	22,647	10/31/2005	400	11100	7900
4621 Report of Examination - EO.pdf	26,468	10/31/2005	400	11100	7900

Name: \*

Description:

Activities

TIN	TIN Validity	Taxpayer Name	Type	Master File Type	Tax Period	Activity Code	Status	Project
CaseName: Ithaca (1) Item(s)								
78-0325009	0 - Valid TIN	Ithaca	941 Return	BMF - Business	200712	465 - Form 941	12 - Assigned for	0000 -
CaseName: CC Example for Non Filer Compliance Check (1) Item(s)								
32-0603091	0 - Valid TIN	CC Example for	990 Return	BMF - Business	200712	341 - 501(c)(3) O	Pending: 10 - As	0150 -

OK Cancel

On the tab, scroll down and highlight the document needed.

**New Office Document**

Documents

Discrepancy Adjustments | Employment Tax | **Forms** | Letters | Penalties | Support Qualification | Unrelated Business Income

Template	Size	Date Modified	PBC	SBC	EGC
872-T Notice of Termination of Special Consent.pdf	28,736	10/31/2005	400	11100	7900
886-A Explanation of Items ADOBE.pdf	9,128	10/31/2005	400	11100	7900
886-A Explanation of Items WORD.doc	23,552	10/31/2005	400	11100	7900
2504 Agreement to Assessment and Collection of Additional Tax.pdf	27,035	10/31/2005	400	11100	7900
5596 TEGE Non-Examined Closings.pdf	79,866	10/31/2005	400	11100	7900
<b>895 Notice of Statute Expiration.pdf</b>	<b>38,788</b>	<b>10/31/2005</b>	<b>400</b>	<b>11100</b>	<b>7900</b>
3645 Completion of Penalty.pdf	60,344	10/31/2005	400	11100	7900
4666 Summary of Employment Tax Examination.pdf	32,348	10/31/2005	400	11100	7900

Name: \* 895 Notice of Statute Expiration.pdf

Description:

Activities

TIN	TIN Validity	Taxpayer Name	Type	Master File Type	Tax Period	Activity Code	Status	Project
CaseName: Ithaca (1) Item(s)								
78-0325009	0 - Valid TIN	Ithaca	941 Return	BMF - Business	200712	465 - Form 941	12 - Assigned for	0000 -
CaseName: CC Example for Non Filer Compliance Check (1) Item(s)								
32-0603091	0 - Valid TIN	CC Example for	990 Return	BMF - Business	200712	341 - 501(c)(3) 0	Pending: 10 - As	0150 -

OK Cancel

The document name will appear in the Name data field. If necessary, you can change the name of the document at this time. For example you can add the tax return and tax period. Remember that the file should be saved to the case file using the file naming convention.



**New Office Document**

Documents

Discrepancy Adjustments | Employment Tax | Forms | Letters | Penalties | Support Qualification | Unrelated Business Income

Template	Size	Date Modified	PBC	SBC	EGC
872-T Notice of Termination of Special Consent.pdf	28,736	10/31/2005	400	11100	7900
886-A Explanation of Items ADOBE.pdf	9,128	10/31/2005	400	11100	7900
886-A Explanation of Items WORD.doc	23,552	10/31/2005	400	11100	7900
2504 Agreement to Assessment and Collection of Additional Tax.pdf	27,035	10/31/2005	400	11100	7900
5596 TEGE Non-Examined Closings.pdf	79,866	10/31/2005	400	11100	7900
895 Notice of Statute Expiration.pdf	38,788	10/31/2005	400	11100	7900
3645 Computation of Penalty.pdf	60,344	10/31/2005	400	11100	7900
4666 Summary of Employment Tax Examination.pdf	62,348	10/31/2005	400	11100	7900

Name: \* Form 895 for Form 941 for 200712.pdf

Description:

Activities

TIN	TIN Validity	Taxpayer Name	Type	Master File Type	Tax Period	Activity Code	Status	Project
CaseName: Ithaca (1) Item(s)								
78-0325009	0 - Valid TIN	Ithaca	941 Return	BMF - Business	200712	465 - Form 941	12 - Assigned for	0000 -
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OK Cancel

Highlight the activity that the document will be associated to. Click OK.

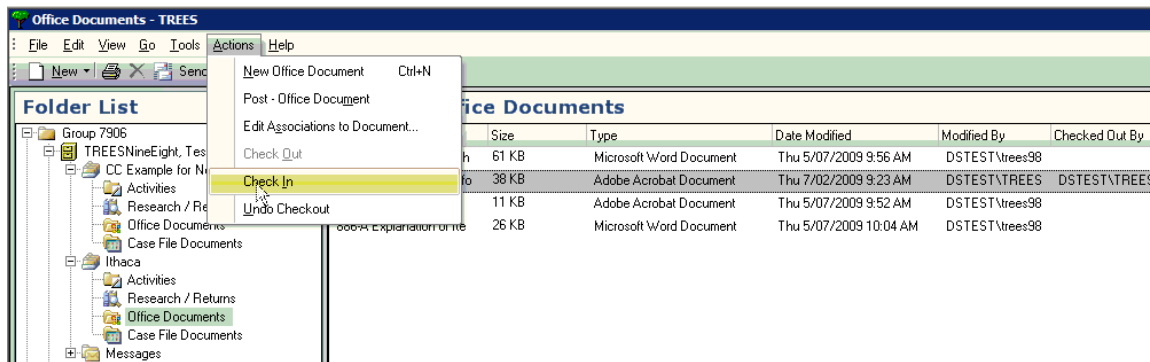
The document will be opened. Changes can be made to the document at this time.

(Note: RCCMS automatically checked out the document so that edits can be made and saved)

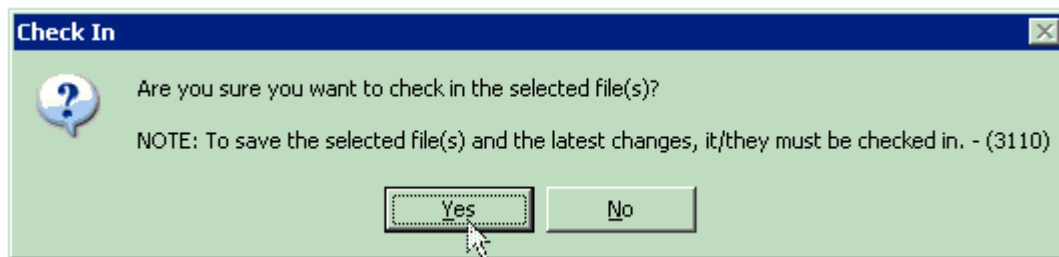
At this point, the agent should complete any required fields validating the statute as applicable.

Click Save and Close.

The Office Document List View will appear. Notice that the document is checked out. From the top line menu select Actions -> Check In



A pop-up window will appear asking if you are sure you want to check in the selected file



The Office Document List View now shows that the Document is Checked in.

Print the file to Adobe, add your digital signature in Line 1C and also under the “Examiner’s Initials” of Box 7 and send to Group Manager via secured e-mail, including any additional documentation as required by your manager to validate the accuracy of the statute.

The Manager will review the documentation and once approved, will input his/her digital signature under “Manager’s Initials” field of Box 7.

The Manager will then return the digitally signed F895 to the Agent via secured email.

The Agent will then post the digitally signed F895 to the Office Documents folder of the applicable case. And at that point, remove the word template if used to originate this process as it will now be a duplicate workpaper.

All actions should be notated in the Case Chronology Record.

If a Statute Extension (F872 or SS-10) is secured and executed, the Agent will need to update the electronic Form 895 Adobe file saved to Office Documents folder documenting the Updated Statute Date and send to Manager via secure email for updated signatures. The email should state that the signed F872 or SS-10 is being sent regular mail (or express shipping if necessary). This will create the need to generate a paper file, and once the appropriate signatures are secured on the electronic Form 895

– this electronic file may then be printed for proper paper case file assembly at the time of case closure.

Again, all actions should be notated on the Case Chronology Record.